



TO: Jim Gray, Mayor
Members, Urban County Council
Sally Hamilton, CAO

FROM: ***Patrick R. Johnston***
Patrick R. Johnston, Director
Division of Risk Management

DATE: May 20, 2016

RE: **FY 2017 Excess Property & Casualty Insurance Renewals**
Aviation, Excess Retained Limit Liability (AL/GL/POL), Excess Property, Cyber Liability,
Pollution Liability, and Excess Workers' Compensation

The current excess insurance policies listed in the "Policy" Column in Table I below will expire at midnight on June 30, 2016.

The policies listed in Table 1 have been recommended for renewal by LFUCG's broker J SMITH LANIER & CO- LEXINGTON/Powell Walton Milward.

Table 1

FY 2017 - LFUCG Excess Property & Casualty Proposals					
Policy	FY 2016 Recommended Broker/Carrier	FY 2016 Premium + Surcharges	FY 2017 Recommended Broker/Carrier	FY 2017 Premium + Surcharges	Increase/ Decrease +/-
Aviation Liability & Hull Damage (Police Helicopters)	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$30,231.00	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Old Republic Insurance Company	\$29,162.00	(3.5%)
Retained Limit Liability – GL/POL/AL/LE	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ American Alternative Insurance - Munich Re	\$526,951.00	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ American Alternative Insurance - Munich Re	\$542,544.00	2.95%
Property	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Affiliated Factory Mutual (FM)	\$323,658.83	J SMITH LANIER & CO LEXINGTON/Powell Walton Milward/ Affiliated Factory Mutual (FM)	\$328,600.00	1.5%



Cyber Liability	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance Company of Pittsburg, PA	\$28,530.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ National Union Fire Insurance Company of Pittsburg, PA	\$28,684.00	.5%
Pollution Legal Liability	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$20,341.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ AIG Specialty Insurance Company	\$18,035.13	(1.1%)
Workers' Compensation	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$325,628.00	J SMITH LANIER & CO LEXINGTON/ Powell Walton Milward/ Safety National Casualty Corporation	\$344,938.00	5.9%
Totals		\$1,255,339.83		\$1,291,963.26	2.9%

The recommended Insurance Policies represent **\$1,291,963.26** in premiums for FY 2017. This is an increase of **\$36,623.43** or **2.9 (%)** compared to FY 2016 premiums. The majority of the increase is due to increased General Liability exposures, open Workers' Compensation claim development and property value increases.

The following Self-Insured Retentions, Deductibles, and Limits apply as noted in **Table 2**.

Table 2

Policy	Self-Insured Retention/Deductibles/Limits
Aviation Liability	\$20,000,000 Combined Single Liability Limit for two Police helicopters with single and aggregate medical limits of \$10,000 and \$40,000 respectively.
Aviation Hull Damage	\$0.00 Not in Motion; 1% (\$8760.00) of hull/equipment value (\$876,000)
Liability (Auto/General/Public Officials/Law Enforcement)	\$2,000,000 Self-Insured Retention (SIR) per occurrence, \$5 million limits
Cyber Liability	\$100k deductible with \$2million Limits
Pollution Liability	\$75k deductible with \$1million Limits
Property (Buildings, Contents, Boiler & Machinery, Property in the Open, Vehicles, Animals)	\$250,000 Deductible per occurrence with various sub-limits for flood, earthquakes and auto property damage with a \$500,000,000 all perils limit per occurrence.
Workers' Compensation (LFUCG Employees)	\$1,000,000 Self-Insured Retention (SIR) per occurrence.

The funds for insurance premiums are included in the proposed FY 2017 budget – Property & Casualty Insurance Premiums Account, **Table 3** as estimated by the Division of Accounting.

Table 3

Fund	Cost Allocation	Premium	Allocation By Fund
1101-XXXXXX-XXXX-73101	75.33%	\$1,291,963.26	\$973,235.92

1115-XXXXXX-XXXX-73101	6.05%	\$1,291,963.26	\$78,163.78
4002-XXXXXX-XXXX-73101	18.37%	\$1,291,963.26	\$237,333.65
4051-XXXXXX-XXXX-73101	.25%	\$1,291,963.26	\$3,229.91

Your approval is respectfully requested for authorization to bind coverage with the recommended insurance carriers.

Cc: Glenn Brown, Deputy CAO

Janet Graham, Commissioner – Department of Law

Todd Slatin, Director – Division of Purchasing

Cecily Chan, Accountant Senior – Division of Accounting

Faye Clark, Risk Management Accountant – Division of Accounting

Lutcher Sinclair, Risk Management Analyst – Division of Risk Management – Department CAO

ATTACHMENTS (7) – Listed Policies from Table 1

I:\ADMIN\INSURANCE\FY2017\BLU.ESHEET.DOC

